

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input type="checkbox"/> Twp <input type="checkbox"/> Village <input checked="" type="checkbox"/> Other		Local Unit Name White Pigeon Township Building Authority	County St. Joseph
Fiscal Year End June 30, 2007	Opinion Date December 4, 2007	Date Audit Report Submitted to State December 27, 2007	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

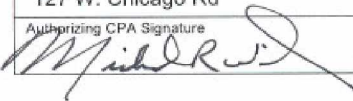
YES
NO

Check each applicable box below. (See instructions for further detail.)

1. ☒ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. ☒ ☐ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. ☒ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. ☒ ☐ The local unit has adopted a budget for all required funds.
5. ☒ ☐ A public hearing on the budget was held in accordance with State statute.
6. ☒ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. ☒ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. ☒ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
9. ☒ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. ☒ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. ☒ ☐ The local unit is free of repeated comments from previous years.
12. ☒ ☐ The audit opinion is UNQUALIFIED.
13. ☒ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. ☒ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
15. ☒ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

We have enclosed the following:	Enclosed	Not Required (enter a brief justification)	
Financial Statements	<input checked="" type="checkbox"/>		
The letter of Comments and Recommendations	<input type="checkbox"/>	No comments or recommendations noted.	
Other (Describe)	<input type="checkbox"/>		
Certified Public Accountant (Firm Name) Norman & Paulsen, P.C.		Telephone Number 269-651-3228	
Street Address 127 W. Chicago Rd		City Sturgis	State MI
		Zip 49091	
Authorizing CPA Signature 	Printed Name Michael R. Wilson CPA		License Number 1101017570

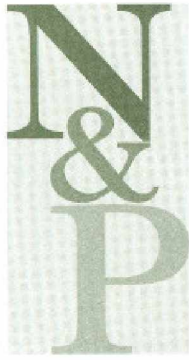
TOWNSHIP OF WHITE PIGEON
BUILDING AUTHORITY
ST. JOSEPH COUNTY, MICHIGAN

FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT

JUNE 30, 2007

C O N T E N T S

	<u>Page</u>
Independent Auditor's Report on Financial Statements	1
Management's Discussion and Analysis	2-3
BASIC FINANCIAL STATEMENTS	
Statement of Net Assets	4
Statement of Revenues, Expenses, and Changes in Net Assets	5
Statement of Cash Flows	6
Notes to Financial Statements	7-9



Norman & Paulsen, P.C.

Certified Public Accountants

127 W. Chicago Road
Sturgis, MI 49091
269.651.3228
Fax 269.651.5146
E-mail
normanpaulsen@charter.net

Other Location:
123 N. Main Street
Three Rivers, MI 49093
269.273.8641
Fax 269.278.8252
E-mail
npnr@npaccounting.com

INDEPENDENT AUDITOR'S REPORT
ON FINANCIAL STATEMENTS

To the Board of Commissioners
Township of White Pigeon Building Authority
St. Joseph County, Michigan

We have audited the accompanying basic financial statements of the Township of White Pigeon Building Authority (the Authority) as of and for the year ended June 30, 2007, as listed in the table of contents. These basic financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the Township of White Pigeon Building Authority as of June 30, 2007, and the results of its operations and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis (identified in the table of contents) is not a required part of the basic financial statements but is supplemental information required by the Governmental Accounting Standards Board (GASB). We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplemental information. However, we did not audit the information and express no opinion on it.

Donald L. Paulsen, CPA
Patrick J. Monahan, CPA
Bruce S. A. Gosling, CPA
Michael R. Wilson, CPA
Rick L. Strawser, CPA
Jerrel T. Norman (1941-1982)

Norman & Paulsen, P.C.

December 4, 2007

TOWNSHIP OF WHITE PIGEON BUILDING AUTHORITY

MANAGEMENT DISCUSSION AND ANALYSIS

Using This Annual Report

This annual report consists of the Statement of Net Assets, the Statement of Revenues, Expenses, and Changes in Net Assets, and the Statement of Cash Flows. Along with the footnotes, they provide detailed financial information concerning the Authority. This section, the Management's Discussion and Analysis, is intended to provide an overview of the Authority's financial condition, results of operations, and other key information.

Financial Overview

In analyzing the Authority's financial position, it is important to recognize the purpose of the Authority. The Authority was formed in 1999 to finance, construct the fire station and renovate the library building. The Authority's income primarily comes from rental income from its tenant, White Pigeon Township.

	<u>2007</u>	<u>2006</u>
ASSETS		
Current	\$ 95,204	\$ 86,266
Non Current	<u>876,615</u>	<u>911,419</u>
Total Assets	971,819	997,685
LIABILITIES		
Current	130,900	107,277
Non Current	<u>295,000</u>	<u>420,000</u>
Total Liabilities	<u>425,900</u>	<u>527,277</u>
NET ASSETS		
Invested in Capital Assets, Net of Related Debt	456,615	391,419
Unrestricted	<u>89,304</u>	<u>78,989</u>
Total Net Assets	<u>\$ 545,919</u>	<u>\$ 470,408</u>

During the year ended June 30, 2007, net assets increased by \$75,511. This was a planned increase to fund the scheduled increase in debt service requirements.

TOWNSHIP OF WHITE PIGEON BUILDING AUTHORITY

MANAGEMENT DISCUSSION AND ANALYSIS

The following table summarizes the change in net assets for the years ending June 30, 2007 and 2006:

	<u>2007</u>	<u>2006</u>
Revenue		
Rental Income	\$ 133,998	\$ 3,904
Interest Income	<u>4,822</u>	<u>6,218</u>
Total Revenue	138,820	10,122
Expenses		
Depreciation	34,804	34,804
Interest on Bonds	28,005	33,695
Other Fees	<u>500</u>	<u>500</u>
Total Expenses	<u>63,309</u>	<u>68,999</u>
Change in Net Assets	75,511	(58,877)
Net Assets - Beginning	<u>470,408</u>	<u>529,285</u>
Net Assets - Ending	<u>\$ 545,919</u>	<u>\$ 470,408</u>

Capital Asset and Debt Administration

During the year ended June 30, 2007, there were no capital asset additions or disposals.

During the year ended June 30, 2007, the total debt obligations decreased by the scheduled principal payment of \$100,000.

Contacting the Authority's Management

This financial report is intended to provide the Township of White Pigeon with a general overview of the Authority's finances, and to show the Authority's accountability for the money it receives from its tenant. If you have questions about this report, the Authority may be contacted for additional information.

BASIC FINANCIAL STATEMENTS

TOWNSHIP OF WHITE PIGEON BUILDING AUTHORITY

STATEMENT OF NET ASSETS
JUNE 30, 2007

ASSETS

Cash and cash equivalents	\$ 95,204
Capital assets, net	<u>876,615</u>
Total assets	971,819

LIABILITIES

Accrued interest payable	5,900
Bonds payable, due within one year	125,000
Bonds payable, long-term	<u>295,000</u>
Total liabilities	425,900

NET ASSETS

Invested in capital assets, net of related debt	456,615
Unrestricted	<u>89,304</u>
Total net assets	<u>\$ 545,919</u>

See accompanying notes to financial statements

TOWNSHIP OF WHITE PIGEON BUILDING AUTHORITY

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
YEAR ENDED JUNE 30, 2007

OPERATING REVENUES	
Rental income	\$ 133,998
OPERATING EXPENSES	
Depreciation	<u>34,804</u>
Operating profit (loss)	99,194
NON-OPERATING REVENUES (EXPENSES)	
Interest income	4,822
Interest expense	(28,005)
Other expenses	<u>(500)</u>
Total non-operating revenues (expenses)	<u>(23,683)</u>
Change in net assets	75,511
TOTAL NET ASSETS - BEGINNING OF YEAR	<u>470,408</u>
TOTAL NET ASSETS - END OF YEAR	<u><u>\$ 545,919</u></u>

See accompanying notes to financial statements

TOWNSHIP OF WHITE PIGEON BUILDING AUTHORITY

STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2007

CASH FLOWS FROM OPERATING ACTIVITIES	
Rental receipts	\$ 133,998
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Principal paid on debt	(100,000)
Interest and fees paid on debt	<u>(29,882)</u>
	(129,882)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest received	<u>4,822</u>
NET INCREASE (DECREASE) IN CASH	8,938
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>86,266</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u><u>\$ 95,204</u></u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income (loss)	\$ 99,194
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	<u>34,804</u>
Net cash provided by operating activities	<u><u>\$ 133,998</u></u>

See accompanying notes to financial statements

TOWNSHIP OF WHITE PIGEON BUILDING AUTHORITY

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2007

NOTE 1 - REPORTING ENTITY

The Township of White Pigeon Building Authority, a public corporation organized and existing under authority of Act 31, Public Acts of Michigan, 1948, as amended, was formed in October 1999. Its primary objective being to undertake the acquisition, construction, furnishing, and equipping of certain public facilities, namely a fire station and library, and subsequently leasing those same facilities to the Township of White Pigeon. The Authority is governed by a three person board appointed by the Township Board.

The financial operations of the Authority are blended into the financial statements of the Township of White Pigeon. In accordance with generally accepted accounting principles, there are no component units included in these financial statements.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Authority conform to generally accepted accounting principles as applicable to governmental building authorities. The following is a summary of the more significant policies:

Basis of Presentation - The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB), including Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis - For State and Local Governments*, issued in June 1999.

Basis of Accounting - The accounts of the Township of White Pigeon Building Authority are organized as an Enterprise Fund, which is used to account for its operations as a lessor of governmental buildings.

The accrual basis of accounting is used to account for the operations of this Enterprise Fund. Revenues are recognized when they are earned and expenses are recognized when they are incurred, regardless of the timing of the related cash flows.

Cash and Cash Equivalents - The Authority considers all highly liquid investments with an original maturity date of three months or less to be cash equivalents.

TOWNSHIP OF WHITE PIGEON BUILDING AUTHORITY

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2007

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Capital Assets - Buildings and improvements are recorded at cost. Depreciation is computed by the straight-line method based on the estimated useful life of 30 years.

Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

NOTE 3 - CASH AND EQUIVALENTS

The Authority's cash and cash equivalents at June 30, 2007 are composed of the following:

Bank municipal investment fund	<u>\$ 95,204</u>
--------------------------------	------------------

The bank municipal investment fund is not categorized by risk. The Authority believes that, due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all bank deposits. As a result, the Authority evaluates each financial institution it deposits Authority funds with and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

NOTE 4 - CAPITAL ASSETS

Depreciation expense included in the determination of net earnings for the year ended June 30, 2007, amounted to \$34,804. Depreciation is computed by the straight-line method over the estimated useful life of 30 years. Capital asset categories and accumulated depreciation are summarized as follows:

	<u>July 1, 2006</u>	<u>Additions</u>	<u>Disposals</u>	<u>June 30, 2007</u>
Building	\$ 696,444	\$ -	\$ -	\$ 696,444
Building improvements	<u>347,665</u>	<u>-</u>	<u>-</u>	<u>347,665</u>
Total	1,044,109	-	-	1,044,109
Less accumulated depreciation	<u>132,690</u>	<u>34,804</u>	<u>-</u>	<u>167,494</u>
Net capital assets	<u>\$ 911,419</u>			<u>\$ 876,615</u>

TOWNSHIP OF WHITE PIGEON BUILDING AUTHORITY

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2007

NOTE 5 - LONG-TERM DEBT

Long-term debt obligation activity can be summarized as follows:

	<u>July 1, 2006</u>	<u>Additions</u>	<u>Reductions</u>	<u>June 30, 2007</u>	<u>Due Within One Year</u>
Bonds	<u>\$ 520,000</u>	<u>\$ -</u>	<u>\$ 100,000</u>	<u>\$ 420,000</u>	<u>\$ 125,000</u>

General obligation bonds consist of:

\$995,000 Building Authority unlimited tax bonds of 2000 (fire station construction and library building renovations) due in annual installments of \$100,000 to \$150,000 through April 1, 2010; interest at 5.60%	<u>\$ 420,000</u>
---	-------------------

The annual requirements to service the bonds outstanding to maturity, including both principal and interest, are as follows:

<u>Year ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008	\$ 125,000	\$ 23,608	\$ 148,608
2009	145,000	16,670	161,670
2010	<u>150,000</u>	<u>8,550</u>	<u>158,550</u>
	<u>\$ 420,000</u>	<u>\$ 48,828</u>	<u>\$ 468,828</u>

The debt will be repaid by rental income received from White Pigeon Township. The Township will pay as rent to the Building Authority all sums necessary to retire the principal of and interest on its bonds. Under the contract or lease the Township's required payments to the Building Authority will be unlimited tax full faith and credit general obligations payable from any available funds of the Township, and the Township will be required to levy ad valorem taxes on all taxable property within its boundaries, to the extent necessary to make the payments required to retire the bonds and interest thereon, if other funds for that purpose are not available.